

Message Text

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C O N F I D E N T I A L STATE 081503

FOLLOWING REPEAT OECD PARIS 0340 ACTION SECSTATE APR 07, 1977

QTE C O N F I D E N T I A L OECD PARIS 10340

PASS: CEA, TREAS, FRB

E.O. 11652: N/A

TAGS: OECD, ECON

SUBJECT: ECONOMIC POLICY COMMITTEE (EPC) CHAIRMANSHIP:

ISSUES RAISED BY PROPOSED BELGIAN CANDIDATE

REF: OECD PARIS 5169

1. SUMMARY AND INTRODUCTION: IN MARCH 30 LETTER TO
AMBASSADOR TURNER, BELGIAN PERM DEL INFORMED U.S. MIS-
SION THAT GOB PROPOSES ROBERT MALDAGUE (PLANNING COMMIS-
SIONER AND USUAL BELGIAN REPRESENTATIVE TO EPC; WE ARE
MAILING MALDAGUE'S CURRICULUM VITAE TO GELBARD, EUR/RPE)
TO BE SUCCESSOR TO SIR DOUGLAS ALLEN AS EPC CHAIRMAN.
APART FROM QUESTION OF PERSONAL SUITABILITY OF BELGIAN
CANDIDATE, MAIN ISSUE ARISING FROM THIS DEVELOPMENT CON-
CERNS EPC'S RESTRICTED BUREAU. END SUMMARY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 081503

2. MISSION UNDERSTANDS FROM SECRETARIAT (FAY) THAT TIM-
ING OF BELGIAN PROPOSAL APPARENTLY RESULTS FROM MISUNDER-
STANDING ON THEIR PART THAT ALLEN WAS PLANNING TO RETIRE
FROM UK TREASURY THIS SUMMER AND THAT CONSEQUENTLY A NEW
CHAIRMAN WOULD BE ELECTED AT JUNE 14-15 EPC PLENARY. IN
FACT, ALLEN DOES NOT INTEND TO RETIRE BEFORE ABOUT YEAR-
END AND HAS INDICATED HIS WILLINGNESS TO CONTINUE AS EPC

CHAIRMAN UNTIL THAT TIME. THUS, IT IS EXPECTED THAT ALLEN WILL BE RE-ELECTED CHAIRMAN (TOGETHER WITH ELECTION OF EPC VICE-CHAIRMEN) AT JUNE EPC MEETING (SEE REF-TEL) AND THAT QUESTION OF FORMALLY CHOOSING SUCCESSOR TO ALLEN WILL NOT HAVE TO BE FACED UNTIL FALL, 1977 EPC MEETING OR POSSIBLY FIRST EPC IN 1978.

3. NETHERLANDS DELEGATION, APPARENTLY MOTIVATED BY BELGIAN LETTER, HAS TOLD U.S. AND OTHER DELS ORALLY THAT ALTHOUGH THEY ARE NOT YET READY OFFICIALLY TO ADVANCE A CANDIDATE, THEY WANTED IT KNOWN THAT DUTCH TREASURER GENERAL C.J. OORT WAS INTERESTED IN SUCCEEDING ALLEN. DUTCH ASKED FOR INDICATION OF U.S. REACTION TO OORT CANDIDACY. U.K. DEL HAS INFORMED SECRETARIAT THAT SIR DOUGLAS WASS WOULD NOT BE INTERESTED IN CHAIRMANSHIP AND THAT U.K. HAS NO OTHER CANDIDATE TO PROPOSE AT THIS TIME.

4. COMMENT AND RECOMMENDATION: EPC UNOFFICIAL RESTRICTED BUREAU DERIVES ITS USEFULNESS FROM FACT THAT IT IS LIMITED TO MEMBERSHIP OF OECD'S BIG SEVEN (SUMMIT) COUNTRIES AND THUS ALLOWS SENIOR REPRESENTATIVES OF THIS KEY GROUP TO HAVE CANDID INTERCHANGE ON IMPORTANT ECONOMIC POLICY ISSUES. IF EPC CHAIRMANSHIP WERE TO DEVOLVE TO COUNTRY OUTSIDE OF BIG SEVEN CIRCLE, USEFULNESS OF BUREAU FOR ITS PRESENT PURPOSES WOULD BE SEVERELY DAMAGED. PARTICIPATION OF A SMALL COUNTRY IN BUREAU MEETINGS WOULD OBVIOUSLY INHIBIT CONTINUATION OF TYPE OF DISCUSSION NOW TAKING PLACE IN BUREAU (AND WHICH U.S. HAS BEEN SEEKING TO MAKE CONFIDENTIAL

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PAGE 03 STATE 081503

EVEN MORE PERTINENT AND USEFUL). MOREOVER, SINCE BUREAU DOES NOT HAVE FORMAL STATUS (MANY SMALL COUNTRIES APPARENTLY ARE EVEN UNAWARE THAT IT EXISTS), INCLUSION OF SMALL COUNTRY COULD COMPROMISE VERY CONTINUATION OF BUREAU. AT THE SAME TIME, IT IS DIFFICULT TO CONTEMPLATE CONTINUING BUREAU SESSIONS IN ITS PRESENT INSTITUTIONAL FRAMEWORK WITHOUT PARTICIPATION OF EPC CHAIRMAN. ALSO, ABSENCE OF EPC CHAIRMAN WOULD MAKE IT IMPRACTICAL FOR BUREAU TO CONTINUE TO CONSULT ON GUIDELINES FOR DISCUSSION IN EPC PLENARY AS WELL AS ON STANCE TO BE TAKEN BY EPC CHAIRMAN AT PRESS CONFERENCE. THUS, IN MISSION VIEW (SHARED BY SECRETARIAT, FAY), IT IS IMPORTANT THAT REPRESENTATIVE FROM ONE OF BIG SEVEN COUNTRIES SUCCEED ALLEN AS EPC CHAIRMAN AND THAT THESE MAJOR COUNTRIES SHOULD AGREE ON A COMMON STANCE ON THIS ISSUE. WE RECOMMEND THAT U.S. SHOULD ADVANCE THIS POSITION WITH THE OTHER BIG SEVEN MEMBERS. IF THEY AGREE, COMMON LINE SHOULD BE TAKEN WITH SMALL COUNTRIES TO EFFECT THAT SINCE BIG SEVEN REPRESENT BULK OF OECD AREA GNP, AND THUS HAVE FUNDAMENTAL

INFLUENCE ON COURSE OF ECONOMIC DEVELOPMENTS IN OECD REGION AS A WHOLE, THEY BELIEVE IT IS APPROPRIATE AND IMPORTANT THAT EPC CHAIRMAN CONTINUE TO COME FROM ONE OF THESE COUNTRIES.

5. ACTION REQUESTED: (A) PRELIMINARY DISCUSSION OF ALLEN'S SUCCESSION MAY OCCUR AT APRIL 29 BUREAU MEETING, AND IN ANY CASE, IS TO BE AIRED IN DETAIL AT JUNE (PRESUMABLY JUNE 14) BUREAU MEETING. ACCORDINGLY, U.S. SHOULD BE PREPARED BY APRIL 29 TO INDICATE ITS VIEW ON GENERAL QUESTION OF WHETHER EPC CHAIRMANSHIP SHOULD REMAIN IN BIG SEVEN AND ANY JUNE MEETING OF BUREAU WE MAY WISH TO HAVE AT LEAST PRELIMINARY IDEAS ON SPECIFIC CANDIDATES THAT WE WOULD FAVOR; (B) SINCE MISSION HAS ALREADY BEEN CONTACTED BY SOME DELS (E.G., DUTCH) ON THIS QUESTION, MISSION WOULD APPRECIATE EARLY GUIDANCE FROM WASHINGTON ON VIEWS WE CAN EXPRESS TO OTHER DELEGATIONS. CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 081503

PRESUMABLY IF WASHINGTON AGENCIES AGREE WITH RECOMMENDATION IN PARA 4 ABOVE, WE COULD BEGIN TO SPREAD A PRELIMINARY REACTION THAT EPC CHAIRMAN SHOULD PREFERABLY COME FROM BIG SEVEN COUNTRY.
TURNER UNQTE VANCE

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